



Consolidated Half Year Financial Report at 30 june 2010 Gruppo Centrale del Latte di Torino & C.

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CONSIGLIO DI AMMINISTRAZIONE

Luigi LUZZATI
Presidente

Riccardo POZZOLI
Vice Presidente esecutivo e
Amministratore Delegato

Nicola CODISPOTI
Amministratore Delegato

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Antonella FORCHINO (*)
Consigliere

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Alberto TAZZETTI (*) (**)
Consigliere indipendente

Germano TURINETTO (**)
Consigliere indipendente

(*) Componenti del Comitato di Controllo

(**) Componenti del Comitato per la remunerazione degli Amministratori

COLLEGIO SINDACALE

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Vittoria ROSSOTTO
Sindaco Effettivo

SOCIETA DI REVISIONE

KPMG S.p.A.

Half-Yearly Report at 30 June 2010

Centrale del Latte di Torino & C. Group

Interim Report



The Group

The Centrale del Latte di Torino & C. S.p.A. Group is inter-regional in scope, and specialises in the production and direct sale – also through the companies Centro Latte Rapallo S.p.A., Centrale del Latte di Vicenza S.p.A. and Frasccheri S.p.A. – of dairy products such as fresh milk, long-life (UHT) milk, yogurt and fresh vegetables.

Given its dynamic nature and tendency towards diversification, the Group has for some time been selling own-brand packaged products in the fresh food sector, such as eggs, cheeses, pasta, vegetables and fresh salads and fruit, produced either directly or through carefully selected third-party companies.

The Group has a very strong territorial base, with almost all of its turnover realised in the Piedmont, Liguria and Veneto regions, where it enjoys a leadership position as regards fresh and long-life milk.

The Group has five production facilities to its name, all equipped with cutting-edge technology for the processing, packaging and cold storage of its products. These are located in: Turin, Rapallo (Genoa), Bardinetto (Savona), Casteggio (Pavia) and Vicenza.

Economic management of the Group

Group performance

In June, the parent company acquired 8.2% of the equity investment in Granarolo in Centrale del Latte di Vicenza, thus taking full control of the latter and confirming its vocation as an inter-regional Group dealing in the production and sale of fresh and UHT milk, milk products and ultra-fresh products.

Centrale del Latte di Vicenza S.p.A., which will continue to operate as an autonomous company, aims to play a central role in the dairy sector in the Veneto region, also thanks to the new Vicenza Est production facility, which opened on 21 June 2008, and in which the Group has invested over € 30 million.

The first six months of 2010 were characterised by situations and particular circumstances that had different effects on the period. During the first quarter, food product sales showed signs of recovery, and milk raw material prices remained substantially in line with the last months of 2009; this was then followed by a second quarter in which sales slowed down again, confirming the difficult situation of household consumption.

The situation regarding milk raw material prices was completely different from that observed during the first quarter. The growing difficulty faced by milk producers in sustaining farming costs led to a pressing request for the selling price to be raised. The agreements reached with producers in the Italian regions the group companies operate in were able to contain the price rises within reasonable limits, but during the second quarter prices nonetheless rose significantly.

The current situation is extremely variable, with increasingly pressing demands for raw milk prices to be raised, and the market is evolving accordingly. In view of this situation, it is expected that price lists will have to undergo an increase in order to cover the increasing costs.

The major groups in Italy, following six months in which they rode the wave of promotional offers on fresh milk sales prices, abandoned that strategy in July, thus effectively bringing the market back to normal and allowing the group – which had only partially followed such a strategy – to recover margins in areas where competition from rival firms is greater.

In such circumstances, the Group has been able to achieve positive results thanks to the reduction in costs and the improved efficiency in terms of production which were implemented previously and which continued during 2010.

The table below compares results for the two years:

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Value of production	50,778		50,184		594	1%	99,265	
Gross operating margin	4,972	9.8%	4,279	8.5%	694	16%	9,599	9.7%
Operating margin	2,067	4.1%	1,450	2.9%	617	43%	3,650	3.7%
Net result after taxes	876	1.7%	96	0.2%	781		800	0.8%

The **Group's consolidated turnover** came to € 49,407 thousand in the first half of 2010 compared to the € 49,748 thousand in the same period of 2009 (-0.7%).

The fresh milk segment registered a limited decrease, thanks to the start-up of new product lines in the Vicenza facility. The UHT segment reported an increase of 2.1% compared to the first half of 2009, driven by targeted marketing operations. The fresh vegetable and packaged foods segments remained largely stable, while there was a drop in the yogurt segment.

The following table breaks down sales performance by product line:

	30 Jun 10		30 Jun 09		Change		Total 31 Dec 09
Fresh milk	22,621	46%	22,906	46%	(285)	-1.2%	44,802
UHT milk	9,504	19%	9,311	19%	193	2.1%	18,805
Yogurt	3,482	7%	3,799	8%	(317)	-8.3%	7,229
Fresh vegetables	3,415	7%	3,420	7%	(5)	-0.1%	6,295
Bulk milk and cream	1,566	3%	1,452	3%	115	7.9%	3,012
Other packaged products	8,818	18%	8,861	18%	(42)	-0.5%	18,198
Total	49,407	100%	49,748	100%	(340)	-0.7%	98,341

Geographical breakdown

The table below shows turnover at 30 June 2010, divided up into geographical areas:

	Fresh milk	UHT milk	Yogurt	Fresh vegetables	Bulk milk and cream	Other packaged products	Total
Piedmont							
30 Jun 10	12,238	6,331	1,013	1,618	292	2,271	23,763
30 Jun 09	12,247	6,333	1,135	1,502	304	2,423	23,593
% change	-0.1%	0.0%	-10.8%	7.7%	-4.0%	-6.3%	0.7%
Liguria							
30 Jun 10	6,028	1,026	352	1,520	205	4,573	13,705
30 Jun 09	6,907	926	356	1,624	130	4,550	14,494
% change	-12.7%	10.8%	-1.1%	-6.4%	57.8%	0.5%	-5.4%
Veneto							
30 Jun 10	4,354	2,146	2,117	278	181	1,976	11,052
30 Jun 09	3,754	2,051	2,308	294	219	1,886	10,511
% change	16.0%	4.6%	-8.3%	-5.5%	-17.3%	4.7%	5.1%
Other							
30 Jun 10	-	-	-	-	887	-	887
30 Jun 09	-	-	-	-	798	-	798
% change	-	-	-	-	11.2%	-	11.2%
30 Jun 10	22,621	9,504	3,482	3,415	1,566	8,818	49,407
30 Jun 09	22,908	9,311	3,799	3,420	1,452	8,858	49,747
% change	-1.2%	2.1%	-8.3%	-0.1%	7.9%	-0.5%	-0.7%

Other revenue amounted to € 1267 thousand, compared to the € 559 thousand registered in the same period of the previous FY, and include the capital gain realised by Centrale del Latte di Vicenza through the sale of one of its own brands.

Compared to the same period of the previous FY, operating costs were affected by the market situation illustrated above.

Depreciation of tangible assets amounted to € 2002 thousand (compared to 1956 in the first six months of 2009), whereas amortisation of intangible assets amounted to € 780 thousand (the same figure as for 1H 2009).

Personnel costs reached € 7,407 thousand, compared to € 7,6235 thousand in the first half of 2009. The average workforce came to 286 at 30 June 2010, sub-divided as follows:

Managers	No. 15
Middle management	No. 9
White-collar personnel	No. 104
Blue-collar personnel	No. 158

Financial income and expenses. The favourable interest rates applied to mortgages and loans helped to reduce the associated financial expenses, which went from € 905 thousand in the 1H 2009 to € 601 thousand during the period that ended on 30 June 2010.

Financial income reached € 39 thousand, compared to € 175 thousand in the first half of 2009.

For each of the paragraphs considered hitherto, regarding revenue and costs for 1H 2010, statements illustrating the figures and comparing them with 1H of the previous financial year have been drawn up and published in the explanatory notes.

The economic management and the equity position of the Group in 1H 2010 are illustrated in the income statement and in the reclassified equity position in annex a).

This annex contains a description of the criteria adopted for drawing up the reclassified accounting statements, notes referring back to the items in the statutory financial statements and information regarding "alternative performance indicators".

Financial position.

The net financial position was negative for € 27,383 thousand, following the acquisition of the further equity investment in Centrale del Latte di Vicenza S.p.A. and the payment of taxes. The change in the financial position from the same period in 2009 (negative for € 29,280 thousand) is illustrated in the table below:

	30 Jun 10	30 Jun 09	31-dic-09
Cash and cash equivalents (16ne+17ne)	7,010	7,762	7,195
Securities held for trading (13ne)	-	533	-
Total current financial assets	7,010	8,295	7,195
Payables to banks (25ne)	(330)	(6,053)	(8,081)
Current share of medium/long-term loans (26ne)	(6,274)	(4,157)	(4,648)
Current share of payables to other lenders (27ne)	(766)	(768)	(783)
Total current financial liabilities	(7,370)	(10,978)	(13,512)
Payables for medium/long-term loans (20ne)	(20,282)	(19,056)	(16,607)
Payables to other lenders for medium/long-term loans (21ne)	(6,742)	(7,541)	(7,081)
Total non-current financial liabilities	(27,024)	(26,597)	(23,688)
	(34,393)	(37,575)	(37,200)
Total financial liabilities			
Net financial position	(27,383)	(29,280)	(30,005)

Changes to the equity and financial structure of the Group compared to 30 June 2010 are illustrated in the cash flow statement.

INFORMATION ON FINANCIAL AND OPERATING RISKS OF THE GROUP.

Risks associated with the business activity

The main risk related to the Group's specific industrial activity regards fluctuations in milk raw material prices. The Group contains this risk by drawing up annual agreements with milk producers, which set the purchase prices at the beginning of the dairy year and maintain those prices for the whole of the period that runs from 1 April to 31 March of the following year, save for particular circumstances in which agreements may be reached on a different basis.

For purchases made outside of the main supply channel, reference is made to the most advantageous market conditions available when the need arises.

Financial risks.

The financial instruments of the Group comprise bank loans, sight and short-term bank deposits. The aim of these instruments is to finance the Group's operating activities. Other financial instruments of the Group are trade payables and receivables deriving from operating activity.

The main risks generated by financial instruments, are the interest rate, the liquidity and the credit risks.

Interest rate risk.

The Group's exposure to interest rate risk is connected mainly to long-term loans and financing, to which are normally applied interest rates equivalent to 1 month, 3 month and 6 month Euribor rates plus a fixed spread. With the application of the so-called "Basel 2" all the companies in the Group are subjected to an analysis on the part of credit institutes that attribute a rating to them; the fixed spread may vary depending on the rating assigned. At the date of closure of these consolidated financial statements, no variations had been applied. Details of the rates applied to individual loans is provided in the following note regarding financial payables.

Liquidity risk. The Group contains liquidity risk by planning the use of liquidity by considering financial investments, financial assets (trade receivables and other financial assets) and cash flows expected from transactions.

Credit risk. The Group mainly deals with familiar, reliable clients. Receivables are monitored during the financial year in order to limit exposure to losses. The maximum risk is equivalent to the book value of these assets in the event of insolvency on the part of the counterparty. At the date of the financial statements, there were no overdue receivables that had not suffered impairment.

Centrale del Latte di Torino & C. S.p.A. share prices

During the first six months of the year, the share prices of Centrale del Latte di Torino & C. S.p.A., listed in the STAR segment of Borsa Italiana, fluctuated considerably, in line with the fluctuations registered on financial markets. The peak price registered was € 2.78 per share.

The graphs below illustrate share prices from 1 January to 30 June 2010 and prices as compared to the FTSE Italia STAR index, with the colour blue referring to share prices and dark blue referring to the index (source Borsa Italiana).





Data protection

During 1H 2010 the parent company implemented a series of verification operations for the annual adjustments to the Security Policy Document (SPD), as established by the data protection regulations currently in force.

During these verification operations, particular importance was given to levels of security previously reached through the implementation of pertinent countermeasures of a physical, logical and organisational nature.

These same verifications carried out on the above-mentioned Security Policy Document were also conducted by the subsidiaries.

OTHER INFORMATION

Information on adherence to codes of practice (art. 89-bis of Consob regulation).

Corporate Governance Code. The parent company has adopted a self-regulatory Code in the application of its Corporate Governance, i.e. the system of rules by which a company is managed and controlled. The latest version of the Code, approved by the Board of Directors on 13 February 2007, and the annual report on Corporate Governance are available on the company's website:

http://www.centralelatte.torino.it/ita/finanza/documenti/codice_autodisciplina_2007.pdf

Code of practice for internal dealing. The parent company has adopted the Code of practice in order to govern the obligations regarding information, and has drawn up a register of those people who have access to confidential information, in compliance with the provisions of articles 2.6.3, 2.6.4 and 2.6bis of the "Regulation of Markets organised and managed by Borsa Italiana S.p.A.", approved by Consob resolution no. 13655 of 9 July 2002 and with articles 152*bis-ter-quater-quinquies-sexies-septies-octies* of the Consob Regulation for issuers, regarding the operations as per article 2.6.4 of the Borsa Italiana regulation carried out by relevant individuals as defined in article 2 of the Code of practice on internal dealing. The latest version of the Code of practice for internal dealing, approved by the Board of Directors on 13 February 2007, is available on the company's website:

http://www.centralelatte.torino.it/ita/finanza/documenti/codice_internal_dealing_2007.pdf

Treasury shares.

The Parent Company does not hold treasury shares or shares of the ultimate parent company. The Parent Company did not sell or purchase treasury shares or shares of the ultimate parent company during the year.

Offices of the Parent Company

Registered, administrative and production office: Turin - Via Filadelfia 220

Production plant: Casteggio (Pv) Via Rossini 10

Tax consolidation.

The company joined the tax consolidation regime together with its subsidiaries Centro Latte Rapallo S.p.A. and Centrale del Latte di Vicenza S.p.A.

Stock option plans.

There were no outstanding stock option plans at 30 June 2010.

Intra-group dealings and dealings with related parties.

As regards operations carried out with related parties, including intra-group operations, these may not be considered atypical or unusual, since they are part of the normal activities carried out by the companies in the group. Said operations are regulated at market conditions. Information regarding dealings with related companies, including those required as indicated by Consob on 28 July 2006, is presented in the notes.

EVENTS FOLLOWING THE CLOSE OF THE FINANCIAL YEAR.

On 17 July, the subsidiary Centro Latte Rapallo S.p.A. was notified of an inspection report by the Provincial Labour Office of Genoa regarding the transport and supply of the company's products.

The company is convinced that there have been no irregularities committed to date regarding contracts or contributions, and if necessary shall defend its position as and where appropriate.

BUSINESS OUTLOOK.

The group's sales are expected to hold up substantially also during the third quarter.

The raw material market will remain unstable, with a reduction in the production of cow's milk and consequent effects on prices, which could rise further.

Turin, 26 August 2010

The Chairman of the Board of Directors
Luigi LUZZATI

Half-Yearly Report at 30 June 2010

Centrale del Latte di Torino & C. Group

Annexes to the Half-Yearly Report



Reclassified schedules.

The schedules that follow have been drawn up by reclassifying the individual items contained in the statutory schedules.

The reference in the first column is to the individual item or group of items in the statutory schedule on which the reclassification is based.

Alternative performance indicators.

In setting out the financial statements, the half-yearly report and the quarterly reports, the group provides information on a number of alternative performance indicators. These indicators are the added value, the EBITDA, an acronym of *Earnings Before Interest Taxes Depreciation and Amortization*, and EBIT, an acronym of *Earnings Before Interest and Taxes*.

The values of such indicators have been obtained by reclassifying the revenue and costs presented in the compulsory income statement schedule, without making any corrections or additions.

Annex a) Reclassified consolidated accounting schedules

The amounts shown are in €/000

Reclassified consolidated statement of comprehensive income

		30 Jun 10		30 Jun 09	
1ec	Revenue from sales and services	49,407	97.3%	49,748	99.1%
3ec	Change in inventories	103	0.2%	(123)	-0.2%
2ec	Other revenue and income	1,267	2.5%	559	1.1%
Value of production		50,778	100.0%	50,184	100.0%
12ec+13ec	Services	(13,059)	-25.7%	(13,862)	-27.6%
4ec	Raw materials	(24,835)	-48.9%	(23,966)	-47.8%
15ec	Other operating costs	(504)	-1.0%	(454)	-0.9%
Added value		12,379	24.4%	11,902	23.7%
5ec+6ec+7ec +8ec	Personnel costs	(7,407)	-14.6%	(7,623)	-15.2%
Gross operating margin		4,972	9.8%	4,279	8.5%
11ec	Provision for bad debts	(77)	-0.2%	(93)	-0.2%
10ec	Depreciation of tangible fixed assets	(2,002)	-4%	(1,956)	-3.9%
9ec	Amortisation of intangible fixed assets	(780)	-1.5%	(780)	-1.6%
14ec	Allocations for risks	(47)	-0.1%	-	-0.0%
Operating result		2,067	4.1%	1,450	2.9%
16ec	Financial income	39	0.1%	175	0.3%
17ec	Financial charges	(601)	-1.2%	(905)	-1.8%
Pre-tax result		1,506	3.0%	719	1.4%
19ec	Income taxes	(953)	-1.9%	(973)	-1.9%
20ec	(Deferred) prepaid taxes	323	0.6%	273	0.5%
Total net profit (loss)		876	1.7%	19	0.0%
Minority loss		-	0.0%	(76)	-0.2%
Net profit (loss) for the year		876	1.7%	96	0.2%

Reclassified consolidated equity and financial position

		30 Jun 10		30 Jun 09	
	Fixed assets				
1	Technical fixed assets	61,883		62,372	
2	Current technical fixed assets	64		232	
3	Intangible fixed assets	15,375		16,935	
4	Equity investments and securities	73		28	
5+14	Financial receivables from affiliates	185		100	
15	Financial assets held for sale	-		188	
	Total fixed assets	77,581	98.4%	79,856	98.4%
	Working capital				
8+9	Trade receivables and receivables from shareholders in joint ventures	17,817		18,776	
7	Inventories	3,395		3,247	
6+10+11	Other short-term assets	6,435		6,655	
38+39	Trade payables	(19,962)		(19,736)	
41+42	Other payables	(5,714)		(6,255)	
40	Tax liabilities	(632)		(1,419)	
	Net working capital	1,340	1.7%	1,267	1.6%
	LIABILITIES AND EQUITY	78,920	100.0%	81,123	100.0%
	Long-term liabilities and provisions				
32	Employee severance indemnity	4,059		4,141	
34	Other provisions	552		706	
31	Provision for deferred taxes	5,343		5,904	
	Total long-term liabilities and provisions	9,955	12.6%	10,751	13.3%
	Financial position				
16+17	Cash, banks and securities	(7,010)		(8,295)	
34	Payables to banks	330		6,053	
35	Current share of medium/long-term loans	6,274		4,157	
36	Current share of payables to other lenders	766		768	
30	Medium/long-term payables to other lenders	6,742		7,541	
29	Medium/long-term loans	20,282		19,056	
	Net financial position	27,383	34.7%	29,279	36.1%
	Net equity				
18	Share capital	20,600		20,600	
19+20+21+22+	Reserves	20,106		18,753	
23+24+25+26+	Net profit (loss)	876		96	
27					
	Total net equity	41,583	52.7%	39,451	48.6%
28	Minority share capital and reserves	-	0.0%	1,642	2.0%
	LIABILITIES AND EQUITY	78,920	100.0%	81,123	100.0%

Half-Yearly Report at 30 June 2010

Centrale del Latte di Torino & C. Group

Condensed Consolidated Half-Yearly
Financial Statements

Consolidated statement of comprehensive income (€/000)

Comparative figures from the 2009 condensed consolidated financial statements.

			30 Jun 10	30 Jun 09	31 Dec 09
1ec	1ene	Revenue from sales	49,407	49,748	98,341
2ec	2ene	Other revenue	1,267	559	1,067
3ec	3ene	Change in inventories of semi-finished and finished goods	103	(123)	(143)
		Total revenue from sales and services	50,777	50,184	99,264
4ec	4ene	Raw and ancillary materials, consumables and goods	(24,835)	(23,966)	(47,819)
		Personnel costs			
5ec	5ene	Wages and salaries	(5,067)	(5,391)	(10,012)
6ec	6ene	Social security contributions	(1,850)	(1,790)	(3,283)
7ec	7ene	Employee severance indemnity	(324)	(312)	(615)
8ec	8ene	Other costs	(166)	(130)	(264)
		Depreciation, amortisation and write-downs			
9ec	9ene	Amortisation of intangible fixed assets	(780)	(780)	(1,559)
10ec	10ene	Depreciation of tangible fixed assets	(2,002)	(1,956)	(3,984)
11ec	11ene	Write-downs of current receivables	(77)	(93)	(176)
		Other operating costs			
12ec	12ene	Services	(12,736)	(13,509)	(26,007)
13ec	13ene	Lease and rental costs	(323)	(353)	(701)
14ec	14ene	Allocations for risks	(47)	-	(231)
15ec	15ene	Sundry operating expenses	(504)	(454)	(965)
		Operating result	2,067	1,450	3,650
16ec	16ene	Financial income	39	175	315
17ec	17ene	Financial charges	(601)	(905)	(1,497)
18ec	18ene	Adjustments to equity investments	-	-	(118)
		Pre-tax profit (loss)	1,506	720	2,350
19ec	19ene	Income taxes from tax consolidation	(953)	(973)	(2,036)
20ec	20ene	(Deferred) prepaid taxes	323	273	357
		NET PROFIT (LOSS) (A)	876	19	671
		Total other profits (losses) net of tax effects (B)	-	-	-
		TOTAL OVERALL PROFIT (LOSS) (A+B)	876	19	671
		TOTAL OVERALL PROFIT (LOSS) ATTRIBUTABLE TO:			
		Ultimate Parent Company's shareholders	876	96	800
21ec		Minority interest	-	(76)	(129)
		Number of shares with voting rights	10,000,000	10,000,000	10,000,000
		Net EPS	0.0876	0.0096	0.08

Notes:

- The references in the first column are to the individual item or group of items in the reclassified accounting schedules;
- The references in the second column are to the breakdown and analysis of the individual items set out in the notes, if present.

Statement of consolidated equity and financial position - Assets

(€/000)

Comparative figures from the 2009 condensed consolidated financial statements.

		ASSETS	30 Jun 10	30 Jun 09	31 Dec 09
NON-CURRENT ASSETS					
1	1ne	Tangible fixed assets	61,947	62,604	63,113
1		Land	11,846	11,985	11,846
1		Buildings	24,148	23,910	24,359
1		Plants and machinery	23,371	23,866	23,637
1		Industrial and commercial equipment	2,025	2,025	2,095
1		Other	493	586	517
2		Assets under construction and advances	64	232	659
	2ne	Intangible fixed assets	15,375	16,935	16,155
3		Trademarks	15,025	16,585	17,365
3		Goodwill	350	350	350
		Financial fixed assets	332	305	158
4	3ne	Equity investments in affiliates	45	-	45
4	4ne	Other financial assets	28	28	28
5	5ne	Financial receivables from affiliates	185	-	-
6	6ne	Deferred tax assets	73	277	85
TOTAL NON-CURRENT ASSETS			77,654	79,844	79,427
CURRENT ASSETS					
	7ne	Inventories	3,395	3,247	3,193
7		Raw and ancillary materials and consumables	2,015	2,148	2,041
7		Finished products and goods	1,380	1,099	1,153
		Trade and other receivables	24,179	25,976	26,803
8	8ne	Trade receivables	17,652	18,650	19,619
9	9ne	Receivables from shareholders in joint ventures	166	126	86
10	10ne	Tax assets	3,097	3,410	4,110
11	11ne	Other receivables	3,265	2,969	2,687
12	12ne	Financial receivables	-	533	-
13	13ne	Financial receivables from affiliates held for sale	-	100	-
14	14ne	Financial receivables from affiliates	-	-	300
15	15ne	Financial assets held for sale	-	188	-
		Cash and cash equivalents	7,010	7,762	7,195
16	16ne	Bank and postal accounts	6,827	7,621	6,960
17	17ne	Cash and valuables on hand	183	141	235
TOTAL CURRENT ASSETS			34,585	36,985	37,191
TOTAL ASSETS			112,238	116,829	116,618

Notes:

- The references in the first column are to the individual item or group of items in the reclassified accounting schedules;
- The references in the second column are to the breakdown and analysis of the individual items set out in the notes, if present.

Statement of Group's consolidated equity and financial position – Liabilities
(€/000)

LIABILITIES AND NET EQUITY		30 Jun 10	30 Jun 09	31 Dec 09
18	18ne Share capital	20,600	20,600	20,600
	Reserves	20,983	18,851	19,580
19	Share premium account	14,325	14,325	14,325
20	Revaluation reserve	197	197	197
21	Legal reserve	931	931	931
22	Other reserves	2,649	2,649	2,649
23	Consolidation reserve	1,679	1,679	1,679
24	Non-distributable IFRS first-time adoption reserve	135	135	135
25	Profits (losses) carried forward	25	(1,162)	(1,301)
26	Merger surplus	166	-	166
27	Profit (loss) for the period	876	96	800
	19ne GROUP'S NET EQUITY	41,583	39,451	40,180
28	Minority share	-	1,642	1,590
	TOTAL EQUITY	41,583	41,093	41,770
	NON-CURRENT LIABILITIES			
29	20ne Long-term loans	20,282	19,056	16,607
30	21ne Long-term payables to other lenders	6,742	7,541	7,081
31	22ne Deferred taxes	5,343	5,904	5,677
	Provisions	4,611	4,847	4,844
32	23ne Employee severance indemnity	4,059	4,141	3,913
33	24ne Provision for liabilities and charges	552	706	931
	TOTAL NON-CURRENT LIABILITIES	36,978	37,348	34,209
	CURRENT LIABILITIES			
	Financial payables	7,370	10,978	13,512
34	25ne Payables to banks	330	6,053	8,081
35	26ne Current share of long-term loans	6,274	4,157	4,648
36	27ne Current share of payables to other lenders	766	768	783
	Trade and other payables	26,308	27,410	27,127
37	28ne Advances	-	138	-
38	29ne Trade payables	19,944	19,590	20,671
39	30ne Payables to shareholders in joint ventures	17	8	20
40	31ne Tax liabilities	632	1,419	1,227
41	32ne Payables to social security authorities	902	900	866
42	33ne Other payables	4,813	5,355	4,343
	TOTAL CURRENT LIABILITIES	33,677	38,388	40,639
	TOTAL EQUITY AND LIABILITIES	112,238	116,829	116,618

Notes:

- The references in the first column are to the individual item or group of items in the reclassified accounting schedules;
- The references in the second column are to the breakdown and analysis of the individual items set out in the notes, if present.

Consolidated cash flow statement (€/000)

	30 Jun 10	30 Jun 09	31 Dec 09
Initial cash availability	(886)	3,695	3,695
A. Cash flow from operating activities			
Profit (loss) for the year – gross of minority losses	876	19	671
Amortisation of intangible fixed assets	780	780	1,559
Depreciation of tangible fixed assets	2,002	1,956	3,984
Total amortisation and depreciation	2,782	2,735	5,543
Employee severance indemnity accrued in the FY, net of indemnities already paid	146	(49)	(276)
Imposte differite	(334)	(342)	(569)
Accrual to (Use of) provision for liabilities and charges	(379)	(226)	-
Total accruals (uses)	(567)	(616)	(845)
Change in net working capital			
Net trade receivables and other receivables	2,048	2,292	1,304
Inventories	(202)	218	271
Other receivables	448	1,280	1,052
Suppliers	(730)	(5,043)	(4,086)
Sundry payables	505	854	(193)
Tax liabilities	(595)	795	602
Total change in net working capital	1,474	395	(1,048)
Operating cash flow	4,566	2,533	4,320
B. Cash flow from (for) investing activities			
Net acquisitions of technical fixed assets	(836)	(1,738)	(4,274)
Financial (investments/write-ups) divestments /write-downs	-	-	70
(Increases) decreases in intangible fixed assets	-	-	-
Total cash flow from (for) investing activities	(836)	(1,738)	(4,204)
Free cash flow	3,730	796	116
C. Cash flow from change in net equity			
Dividends paid	-	-	-
Acquisition of minority equity investment in Centrale del Latte di Vicenza S.p.A.	(1,050)	-	-
Total cash flow from change in net equity	(1,050)	-	-
D. Cash flow from financing activities			
Change in medium/long-term financial payables	4,886	(2,249)	(4,697)
Total cash flow from financing activities	4,886	(2,249)	(4,697)
Total cash flows for the period	7,567	(1,453)	(4,581)
CASH AND BANKS AT YEAR-END	6,680	2,242	(886)
of which bank accounts and cash on hand	7,010	7,762	7,195
of which securities held for trading	-	533	-
of which payables to banks	(330)	(6,053)	(8,081)
Financial charges paid	601	723	1,181
Taxes paid	1,738	438	859

Changes in consolidated Net Equity (amounts shown in Euros)

	At 1 Jan 09	Result allocation	Dividend payment	Other	Profit (loss) for the period	At 30 Jun 09
Share capital	20,600	-	-	-	-	20,600
Share premium account	14,325	-	-	-	-	14,325
Revaluation reserve	197	-	-	-	-	197
Legal reserve	927	4	-	-	-	931
Other reserves	2,567	82	-	-	-	2,649
Consolidation reserve	1,679	-	-	-	-	1,679
Non-distributable IFRS first-time adoption reserve	135	-	-	-	-	135
Profits (losses) carried forward	182	(1,307)	-	(35)	-	(1,162)
Overall profit (loss) for the period	(1,221)	1,221	-	-	96	96
Group's net equity	39,390	-	-	(35)	96	39,451
Minority share	1,718	-	-	-	(77)	1,642
Consolidated net equity	41,109	-	-	(35)	19	41,093

	At 1 Jan 10	Result allocation	Dividend payment	Other	Profit (loss) for the period	At 30 Jun 10
Share capital	20,600	-	-	-	-	20,600
Share premium account	14,325	-	-	-	-	14,325
Revaluation reserve	197	-	-	-	-	197
Legal reserve	931	-	-	-	-	931
Other reserves	2,649	-	-	-	-	2,649
Consolidation reserve	1,679	-	-	-	-	1,679
Non-distributable IFRS first-time adoption reserve	135	-	-	-	-	135
Profits (losses) carried forward	(1,301)	800	-	527 (*)	-	25
Merger surplus	166	-	-	-	-	166
Overall profit (loss) for the period	800	(800)	-	-	876	876
Group's net equity	40,179	-	-	527	876	41,583
Minority share	1,590	-	-	(1,590)	-	-
Consolidated net equity	41,769	-	-	(1,063)	876	41,583

(*) "Other" contains the effect deriving from the difference between the price paid for the acquisition of the minority equity investment in Centrale del Latte di Vicenza and the pertinent share of net equity.

Half-Yearly Report at 30 June 2010

Centrale del Latte di Torino & C. Group

Notes

The Group.

The Parent Company, Centrale del Latte di Torino & C. S.p.A., having its place of incorporation and domicile in Turin, Italy, at Via Filadelfia 220, manages, coordinates and provides general guidance for the industrial, commercial, managerial and financial policies of its subsidiaries, Centro Latte Rapallo S.p.A. and Centrale del Latte di Vicenza S.p.A. The Group jointly controls Frascheri S.p.A., which is consolidated according to the proportional method (40%).

The Group deals with the processing, transformation and sale of:

- milk and dairy products
- packaged products in the fresh and ultra-fresh segment
- fresh vegetables.

The publication of the 2010 half-yearly report was authorised by the Board of Directors on 26 August 2010.

Scope of consolidation.

The line-by-line method is applied to the consolidation of equity investments in operating companies in which the Group holds a direct or indirect interest and controls the majority of voting rights or has the power to determine their financial and management policies in order to obtain the benefits of their activities, whereas the proportional method is applied to the consolidation of joint ventures.

Subsidiaries begin to be consolidated on the date on which actual control is transferred to the Group and cease to be consolidated on the date on which control is transferred outside the Group.

Equity investments in affiliates are measured according to the equity method. When the Group has significant influence over an affiliate, or has joint control of its financial and operating policies, the pertinent share of the affiliate's condensed consolidated half-yearly financial statements are added into the Group's condensed consolidated half-yearly financial statements beginning on the date on which significant influence or joint control begins and ending on the date on which they cease.

On 8 June 2010 the Parent Company took over 8.2% of the share capital of Centrale del Latte di Vicenza S.p.A. thus acquiring total control of the company from Vicenza, for an outlay of € 1050 million. The difference between the amount paid and the value of the share of net equity was recognised as net equity reserve, in accordance with the amendment to IAS 27, applicable from 1 January 2010, which establishes that such items must be recognised using the equity method.

	Share held
Companies consolidated line-by-line:	
Centro Latte Rapallo S.p.A.	100%
Via S. Maria del campo 157 – Rapallo (Ge)	
Centrale del Latte di Vicenza S.p.A.	100%
Via Faedo 60 - Vicenza	
Consolidated proportionally:	
Frascheri S.p.A.	40%
Via C.Battisti 29 – Bardinetto (Sv)	

The condensed consolidated half-yearly financial statements are prepared by using the condensed half-yearly financial statements of the foregoing companies prepared in accordance with the same accounting standards as observed by the Parent Company and approved by their respective boards of directors.

Changes in the scope of consolidation.

The scope of consolidation has not changed compared to 31 December 2009.

Consolidation techniques.

In preparing the condensed consolidated half-yearly financial statements, the assets, liabilities, costs and revenues of consolidated companies are added up line by line, attributing minority-interest shareholders their portion of net equity and the profit or loss for the period in specific items in the balance sheet and income statement. If control of a company is acquired during the year, the Group's share of that company's costs and revenues is recognised in the consolidated financial statements beginning on the date on which control is acquired.

The main adjustments applied in preparing the consolidated financial statements are as follows:

- the carrying amounts of consolidated equity investments are derecognised along with the Company's share of the investees' net equity, whereas the consolidated companies' assets and liabilities are recognised according to the line-by-line or proportional method;

- dealings among the consolidated entities in the form of payables and receivables and costs and revenues are derecognised;
- the difference between the price of the equity investment and the present value of the acquiree's assets and liabilities at the acquisition date is recognised among intangible assets.

Structure and content of the accounting schedules.

The condensed consolidated half-yearly financial statements at 30 June 2010 consist of the consolidated statement of financial and equity position, consolidated statement of comprehensive income, consolidated cash flow statement, statement of changes in equity and explanatory notes.

Where necessary, the comparative figures from the condensed consolidated half-yearly financial statements at 30 June 2009 have been restated to provide a consistent basis of comparison with the figures at 30 June 2010. The consolidated statement of comprehensive income has been presented according to the one-statement approach and classified according to the nature of the costs. The consolidated cash flow statement is presented using the indirect method.

The condensed consolidated half-yearly financial statements at 30 June 2010, the accounting schedules and the explanatory notes are in Euros.

Audit

The condensed consolidated half-yearly financial statements at 30 June 2010 are subject to limited audit by KPMG S.p.A..

Accounting and assessment standards

The condensed consolidated half-yearly financial statements of Centrale del Latte di Torino Group at 30 June 2010 were drafted in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and ratified in accordance with the procedure as per article 6 of EC Regulation No. 1606/2002. IFRS also include the International Accounting Standards (IAS), still in force, as well as all the interpreting documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously named Standing Interpretations Committee (SIC). These condensed consolidated half-yearly financial statements have been drawn up in compliance with IAS 34 "Interim Financial Reporting". These condensed half-yearly financial statements therefore do not include all the information required for the annual financial statements, and must be read together with the latter.

The accounting standards adopted for drafting these consolidated financial statements are the same as those adopted for drafting the Group's annual consolidated financial statements for the financial year that ended on 31 December 2009, with the exception of the following:

the following accounting standards, amendments and interpretations applicable from 1 January 2010 govern circumstances and cases that were not present in the Group at the date of these financial statements:

- Amendment to IFRS 2 – Share-based payments – Vesting conditions and cancellation;
- IFRS 3 revised – Business combinations;
- Amendment to IFRS 5 – Non-current assets held for sale and discontinued operations;
- Amendment to IAS 39 – Financial instruments: recognition and measurement;
- IFRIC 17 – Distributions of non-cash assets to owners;
- IFRIC 18 – Transfers of assets from customers.

The following accounting principles, amendments and interpretations are yet to become applicable, and have not been adopted in advance by the company:

- Amendment to IAS 32 – Financial instruments, presentation: classification of rights issues;
- IAS 24 revised – Related party disclosures;
- IFRS 9 – Financial instruments;
- Amendment to IFRIC 14 – Prepayments of a minimum funding requirement;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Improvement IFRS 3, IFRS 7, IAS 1, IAS 34;
- Amendment to IAS 28 investments in associates and IAS 31 interests in joint ventures, following the changes made to IAS 27.

In drafting the condensed consolidated half-yearly financial statements at 30 June 2010, a number of assessments, estimates and hypotheses were formulated that have an impact on the application of the accounting standards and on the amounts of the assets, liabilities, costs and revenue indicated in the financial statements. The estimates and assumptions are based on previous experience and on other factors considered reasonable in the relevant cases, and were adopted in order to estimate the book value of assets and liabilities that could not readily be deduced from other sources. It should be noted, however, that these are estimates and therefore the

final figures may differ from the estimated figures. Estimates are used to show provisions for credit risk, inventory obsolescence, amortisation and depreciation, write-downs of assets, employee benefits, taxes, and provisions for liabilities and charges.

These estimates and assumptions are revised regularly. Any changes deriving from the revision of accounting estimates are shown in the period in which the revision takes place, where the revision affects that period only. Where the revision affects both the current and future periods, the change is shown in the period in which the revision took place and in the relevant future periods.

These consolidated financial statements were drafted on a going concern basis, applying the accrual accounting method and complying with the principle of providing relevant, significant information and preferring substance over form, with the aim of facilitating consistency with future presentations.

The accounting standards and assessment criteria are illustrated below.

Intangible fixed assets

Intangible fixed assets are entered as credit in the statement of financial position when it is likely that the use of the assets will determine future economic benefits and when the cost of the assets can be reliably determined. They are entered at contribution value, at acquisition price or production cost, inclusive of any ancillary expenses. Intangible assets with definite useful lives are amortised systematically on the basis of their expected future use so that the net amount at period end corresponds to their residual use or recoverable amount according to company production plans. Amortisation begins when the asset becomes available for use.

The category "Concession of licenses and trademarks" includes the trademarks pertaining to the Group that are considered as having a finite useful life and are therefore entered at purchase cost and amortised at constant rates throughout their useful life, currently estimated at 20 years.

The line item "Goodwill" represents the amount by which the cost incurred by the Group to acquire an investee's share capital exceeds the present value of the Group's share of the net assets acquired at the acquisition date. Goodwill is tested for impairment on an annual basis or more frequently if events that may result in impairment losses have occurred.

Tangible fixed assets

Tangible fixed assets are recognised at purchase cost, plus any directly attributable accessory expenses required to prepare the asset for use and less commercial allowances or discounts. The period-end amount is net of accumulated depreciation.

The depreciation charges recognised in the income statement have been calculated systematically and consistently according to rates deemed representative of the estimated economic and technical lives of the assets, as illustrated below:

• Buildings	2% - 4%
• General plant systems	3.4% - 10%
• Specific plant systems	16% - 18.4%
• Equipment	3.8% - 20%
• Office furniture and ordinary equipment	5% - 12%
• Electronic equipment	20% - 25%
• Motor vehicles and internal transport means	6.6% - 20%
• Motor vehicles	25% - 25%

The depreciation period begins from the financial year in which the asset is available for use.

Land is not depreciated, as it is presumed to have an indefinite useful life.

The land on which the Group's facilities stand was measured at fair value by independent experts during the transition to international accounting standards.

Profits and losses deriving from the divestment or sale of fixed assets, calculated with reference to their book value, are entered among operating income and expenses on the income statement. Maintenance and repair costs are charged to the income statement for the financial year in which they were sustained, except for those of an incremental nature, which are charged to the fixed assets they refer to and are depreciated on the basis of their residual use. Incremental expenses are those reasonably likely to increase future economic benefits, such as a rise in useful life, an increase in productive capacity, an improvement in product quality, or the adoption of production processes that lead to a substantial reduction in production costs. Assets held through financial leasing contracts through which are substantially transferred all the risks and benefits linked to ownership are shown as tangible fixed assets at their fair value, or, if lower, at the current value of the minimum payments due for the leasing contract. The corresponding liability owed to the lessor is entered in the financial statements among payables to other lenders.

Impairment of fixed assets

Tangible fixed assets, intangible fixed assets and other non-current assets are periodically subjected to impairment tests, each time circumstances indicate that they may be impaired. The value of a fixed asset is reduced if its net carrying amount exceeds its recoverable amount, which is defined as the greater of its net market value (fair value less costs to sell) and current value in use.

Financial instruments

Equity investments carried at equity

These are equity investments in affiliates that are measured according to the equity method in the consolidated financial statements on the basis of the most recently approved financial statements available, adjusted to ensure they are consistent with international accounting standards.

Other financial assets

Equity investments in other costs are carried at fair value. Profits and losses deriving from changes in fair value are charged directly to net equity (fair value reserve) until they are transferred or become impaired; in which case overall profits and losses are charged to the income statement for the period. When fair value cannot be reliably determined, equity investments are carried at the cost adjusted for impairment, the effect of which is recognised in the income statement.

Stocks widely traded on regulated markets are entered at fair value, with reference made to the stock price registered at close of trading on the closing date of the period.

Financial assets and liabilities

Financial assets and liabilities are initially recognised at their fair value, plus any directly attributable transaction costs, whereas subsequent measurements are conducted using the amortised cost method.

Derivative financial instruments

The Group did not hold any derivative financial instruments during 1H 2010.

Trade receivables and payables

Trade receivables, which are set to come due under normal commercial terms, are presented at their presumed realisable values.

Trade payables, which are set to come due under normal commercial terms, are recognised at their face values.

Financial receivables

These include financial assets for short-term trading. Such assets are initially recognised at fair value, plus any directly attributable transaction costs, and then measured at fair value.

Cash and cash equivalents

They include bank deposits and cash holdings carried at par value.

Inventories

These are entered at whichever is lower between the purchase cost and the market value. For finished products, cost is determined on the basis of direct production cost, plus overhead directly attributable to the product. For marketed products, raw materials and consumables, the weighted average cost for the year is used. The net market value is determined on the basis of sales prices net of completion costs and sales costs.

Accruals and deferrals

These are calculated using the accrual accounting method and in application of the matching principle that offsets revenue against expenses for the same financial year. They include costs or revenue common to two or more financial years and are entered under other receivables and other payables.

Employee benefits

Employee severance indemnity

Employee severance indemnity is compulsory for Italian companies under Law 297/1982. Effective 1 January 2007, the decrees implementing the budget act introduced considerable changes in the rules governing employee severance indemnity, including the worker's choice of how to allocate future accruals. In particular, workers may allocate new accruals to specific pension plans or keep them with their employers (in which case the Company pays employee severance indemnity accruals into a treasury account with the INPS). The amendment of the law has resulted in the transformation of the nature of the employee severance indemnity from a defined-benefit plan to a defined-contribution plan for future accruals, whereas it continues to be regarded as defined-benefit plans for accruals prior to 31 December 2006.

Actuarial profits and losses are entered to the income statement for the period in which they occur.

Provision for liabilities and charges

These provisions are entered into the financial statements when the Group has a legal or implicit obligation to pay particular amounts, as a result of past events, and it is probable that a financial outflow will be required from the Group in order to settle the obligation. These amounts are recognised in the financial statements only when it is possible to carry out a reliable estimate of the pertinent amount.

Contingencies which represent only possible liabilities are described in the notes, in the section of the comments on provisions.

In the event of merely remote events, i.e. events that are highly unlikely to occur, no provision is recognised, nor is any relevant information provided.

Provisions are presented at the current amount of expected outlays where the discount effect is material.

Revenue

Revenue is carried at the fair value of the payment received or owed, net of any discounts, refunds, credits, and bonuses.

Revenue on the sale of an asset is recognised when the entity has transferred substantially all risks and rewards of ownership of that asset to the buyer.

Revenue on services rendered is recognised when the degree of completion of the transaction at the reporting date for the financial statements may be reliably determined according to the date of accrual of the service.

Public contributions

Contributions are entered into the financial statements only when it is reasonably certain that the company will comply with the conditions set for receiving the contribution and that those contributions will effectively be received. Public contributions for plants are entered as deferred revenue and are systematically charged as income to the income statement during the useful life of the asset they refer to.

Contributions for current expenses are carried to the income statement in the financial year in which the conditions exist for their recognition.

Costs

Costs are carried at the fair value of the amount paid or payable.

They are entered into the financial statements on an accrual accounting principle, net of returns, discounts, premiums and bonuses.

Financial income and expenses

Financial income and expenses are shown and entered in the financial statements on an accrual accounting principle. Financial expenses sustained for investments in assets for which a set period of time is normally required for the asset to be ready for use or sale (qualifying assets), are capitalised and amortised through the useful life of the class of assets they refer to.

Taxes

Taxes payable for the period are determined in accordance with the current fiscal regulations.

Deferred taxes are calculated on temporary differences between the recognised amounts of assets and liabilities and the amounts of those assets and liabilities for tax purposes. Deferred tax assets are only recognised where it is likely that the entity will earn taxable income against which it may set off the temporary deductible difference. Deferred tax liabilities are recognised on all the temporary taxable differences. In addition, the tax consolidation program governed by Presidential Decree 971/86, amended by Legislative Decree 344/2003, was introduced in 2005. The program allows for optional group taxation, which consists of determining a single taxable group income for the ultimate parent company corresponding to the algebraic sum of the net total incomes of participants and thus a single income tax for Group companies.

The companies that joined the tax consolidation regime are Centro Latte Rapallo S.p.A. and Centrale del Latte di Vicenza S.p.A.

Segment reporting

The organisation of the Group is based on a single business segment for the production and sale of food products, since no business or geographical segment with a different risk profile may be identified.

EPS

Earnings per share are calculated by dividing earnings by the weighted average number of shares outstanding during the period. It is presented at the foot of the statement of comprehensive income

BREAKDOWN OF ASSETS**NON-CURRENT ASSETS**

Tangible fixed assets (1ne)

Variations in tangible fixed aspects and the respective provisions are illustrated in the tables below:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other	Total	Fixed assets under construction/acquisition	Totals
TANGIBLE FIXED ASSETS								
Historical cost	11,946	32,933	46,327	7,879	2,171	101,256	659	101,915
Depreciation provision		8,575	22,690	5,783	1,654	38,702		38,702
Initial amount	11,946	24,359	23,637	2,095	517	62,554	659	63,213
Provision for future capital losses	100	-	-	-	-	100	-	100
Initial amount	11,846	24,359	23,637	2,095	517	62,454	659	63,113
Acquisitions	-	212	351	205	69	837	56	893
Transfers	-	(11)	642	-	13	644	(651)	(7)
Disposals and eliminations	-	-	(33)	(242)	(5)	(280)	-	(280)
Use of provisions	-	-	16	208	3	227	-	227
Depreciation	-	(412)	(1,244)	(243)	(102)	(2,002)	-	(2,002)
Final amount	11,846	24,148	23,371	2,025	493	61,882	64	61,947

The provision for future capital losses derives from a reclassification of the entry previously recorded under other provisions.

Changes in provisions for tangible fixed assets:

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other	Total
TANGIBLE FIXED ASSETS						
Initial amount	100	8,575	22,690	5,783	1,654	38,802
Use of provisions	-	-	(16)	(208)	(3)	(227)
Depreciation	-	412	1,244	243	102	2,002
Final amount	100	8,987	23,918	5,818	1,753	40,577

Tangible fixed assets include the net book value of machinery under financial leasing contracts for € 8,545.

Intangible fixed assets (2ne)

Variations in intangible fixed assets and the respective provisions are illustrated in the table below:

INTANGIBLE FIXED ASSETS	Trademarks
Historical cost	32,734
Amortisation provision	(16,929)
Initial amount	15,805
Amortisation for the period	(780)
Final amount	15,025

Equity investments in affiliates (3ne)

Equity investments in affiliates refer to the interest held by the subsidiary Centro Latte Rapallo S.p.A. in GPP S.r.l., no longer intended for sale, and came to € 45 thousand.

Equity investments in affiliates	
Initial amount	45
Increases	-
Decreases	-
Final amount	45

Other financial assets (4ne)

Equity investments in other companies are broken down in the table below:

	30 Jun 10	30 Jun 09	31 Dec 09
Capitalimpresa S.p.A.	25	25	25
Consorzio CFV	2	2	1
Other equity investments individually worth less than one thousand euro	1	1	2
Total equity investments in other companies	28	28	28

Deferred tax assets (6ne)

The following table illustrates the changes in the temporary differences that gave rise to deferred tax assets:

	Initial amount	Increases	Decreases	Final amount
Allocation to taxed provisions for risks	112	-	-	112
Tax recovery of depreciation of buildings	109	-	-	109
Remuneration of directors	29	-	(29)	-
Entertainment expenses	8	-	(8)	-
Supplementary customer indemnity	4	-	-	4
Membership fees	3	-	(3)	-
	264	-	(39)	225

Deferred tax assets were calculated on temporary differences for the year and the final amount of those differences, net of amounts recovered in 2010, by applying the IRES (corporate income tax) rate of 27.5% and the IRAP (regional production tax) rate of 3.90%.

The following table illustrates the changes in deferred tax assets:

	Initial amount	Increases	Decreases	Final amount
Allocation to taxed provisions for risks	39	-	-	39
Tax recovery of depreciation of buildings	34	-	-	34
Entertainment expenses	2	-	(2)	-
Remuneration of directors	8	-	(8)	-
Supplementary customer indemnity	1	-	-	1
Membership fees	1	-	(1)	-
	85	-	(11)	73

CURRENT ASSETS

Inventories (7ne)

Inventories came to € 3,395 thousand at 30 June 2010 and may be broken down as follows:

	Initial amount	Final amount	Change
Raw and ancillary materials and consumables	2,041	2,015	(26)
Finished products and goods	1,152	1,380	228
	3,193	3,395	202

Trade receivables (8ne)

Trade receivables, all of which were due within one year, € 17,652 thousand at 30 June 2010, derive from normal commercial sales transactions and have been presented net of the associated provisions for impairment. In further detail, the provisions allocated to account for receivables claimed in bankruptcies have been fully and directly applied to decrease the amounts of the associated assets, reducing those amounts to zero.

The following table provides a breakdown of provisions for impaired receivables and changes in those provisions during 1H 2010:

	Initial amount	Increases	Decreases	Final amount
Provision for bad debts	526	77	(67)	536
Taxed provision for impaired receivables	292	-	(1)	291
Provision for impaired default interest	9	5	(5)	9
	827	82	(73)	836

Receivables from shareholders in joint ventures (9ne)

Receivables from joint ventures came to € 166 and are associated with the unconsolidated share (60%) of the normal commercial transactions undertaken with Frasccheri S.p.A. during the year.

Tax assets (10ne)

	30 Jun 10	30 Jun 09	31 Dec 09
VAT receivable	2,730	2,729	3,748
Direct taxes	341	663	331
Employee severance indemnity withholdings	22	-	31
Withholding taxes on interest receivable	4	18	-
Total tax assets	3,097	3,410	4,110

Other receivables (11ne)

Other receivables include:

	30 Jun 10	30 Jun 09	31 Dec 09
Receivables for performance guarantees received securing the payment of the surtax in accordance with Law 486/92 (milk quotas)	1,997	1,968	1,997
Accrued income and prepaid expenses	424	341	154
Miscellaneous	365	135	177
Receivables from distributors	211	190	204
Advances on salaries	91	83	4
Credits to be received	67	30	46
Receivables from social security institutions	53	92	12
Deposits	41	95	58
Advances to suppliers	14	31	26
Loans to employees	2	4	9
Total other receivables	3,265	2,969	2,687

Accrued income and prepaid expenses

The following table illustrates the composition of accrued income and prepaid expenses:

	30 Jun 10	30 Jun 09	31 Dec 09
PREPAID EXPENSES			
Insurance	147	123	1
Other costs	86	140	49
Maintenance fees	58	14	20
Advertising costs	49	33	20
Loan fees	30	-	2
Lieu tax	18	13	13
VAT guarantee policies	11	9	15
Multiannual charges on loans	11	2	-
Leases	7	6	31
Software leases	7	-	1
TOTAL PREPAID EXPENSES	424	340	152
	30 Jun 10	30 Jun 09	31 Dec 09
ACCRUED INCOME			
Interest on bank accounts	-	2	2
TOTAL ACCRUED INCOME	-	2	2
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	424	342	154

Cash and cash equivalents (16ne+17ne).

Cash and cash equivalents, all of which are freely available, came to € 7,010 thousand and are presented in the schedule that illustrates financial position in the analysis of financial payables.

BREAKDOWN OF LIABILITIES**GROUP'S NET EQUITY****Share capital (18ne)**

Share capital, fully subscribed and paid-up, came to € 20,600,000, divided into 10,000,000 shares having a par value of € 2.06.

NON-CURRENT AND CURRENT LIABILITIES**Financial payables (20ne+21ne+25ne+26ne+27ne)**

The following is an analysis of the items that comprise the Company's financial indebtedness, sub-divided by maturity.

Payables to banks and other lenders, as illustrated in the following table, came to € 34,394 thousand.

The item "Payables to other lenders" refers to the loan granted by Minindustria on 17 July 1996 – Special revolving fund for technological innovation – Law No 46 of 17 February 1982, with a term of 15 years, including a payment period of 10 years, and to finance lease agreements.

	Payables within year- end	Over one year, within 5 years	Over 5 years	Total payables over 1 year	Total payables
Payables to banks for loans	6,274	12,567	7,714	20,282	26,556
Payables to other lenders	766	3,150	3,592	6,742	7,508
Payables to banks for overdrafts	330	-	-	-	330
Totals	7,370	15,717	11,306	27,024	34,394

Medium/long-term loans are broken down as follows:

Issuer	Amount granted	Amount paid	Residual debt	Last deadline	Guarantees
Intesa Sanpaolo S.p.A.	3,000	3,000	1,049	30 Jun 2011	---
Euribor rate 6 months + 0.50					
Banca Regionale Europea S.p.A.	3,000	3,000	1,345	31 Dec 2011	---
Euribor rate 6 months + 0.50					
Credito Emiliano CREDEM S.p.A.	3,000	3,000	2,000	23 Apr 2012	---
Euribor rate 6 months + 0.65					
Banca Popolare di Novara	500	500	292	30 Jun 2012	----
Euribor rate 6 months + 0.90					
Mediocredito Italiano S.p.A.	2,500	2,500	2,500	31 Mar 2013	---
Euribor rate 3 months + 0.90					

Issuer	Amount	Amount paid	Residual	Last deadline	Guarantees
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	granted		debt			
Unicredit Banca d'Impresa S.p.A. Euribor rate 3 months + 1.75	300	300	190	30 Jun 2013	Second mortgage on industrial property located in Casteggio (PV) for € 600 thousand	
Cassa Risparmio di Savona Rate 0.475% + half Euribor 6 months	332	332	116	30 Jun 2013	Mortgage on industrial property located in Borghetto S.S. (Sv)	
Centrobanca S.p.A. Euribor rate 3 months + 1.10	2,000	2,000	1,776	31 Oct 2013	---	
Banca Regionale Europea S.p.A. Euribor rate 6 months + 0.5	500	500	363	31 Oct 2013	---	
Cassa Risparmio di Savona Rate 0.50% + half Euribor 6 months	108	108	42	31 Dec 2013	Mortgage on industrial property located in Borghetto S.S. (Sv)	
Banca Sella S.p.A. Euribor rate 1 month + 0.75	2,500	2,500	2,500	10 Jun 2015	---	
Unicredit Banca d'Impresa Euribor rate 6 months + 1.75	1,300	1,300	812	31 May 2015	Second mortgage on industrial property located in Casteggio (PV) for € 2.6 million	
Monte dei Paschi di Siena S.p.A. Euribor 6 months + 0.70	2,000	2,000	2,000	30 Jun 2015	---	
Unicredit Banca d'Impresa S.p.A. Euribor rate 6 months + 1.80	10,000	10,000	8,571	30 Jun 2025	Mortgage on an owned property in Vicenza for €20 million	
Unicredit Banca d'Impresa S.p.A. Euribor rate 6 months + 2.80	3,000	3,000	3,000	30 Jun 2025	Mortgage on an owned property in Vicenza for €20 million	

A summary of maturities is provided in the table below:

	within 12 months	over one year, within 5 years	over 5 years	Totals
Unicredit Banca d'Impresa	994	3,866	7,714	12,574
Mediocredito Italiano S.p.A.	750	1,750	-	2,500
Banca Sella S.p.A.	450	2,050	-	2,500
Monte dei Paschi di Siena S.p.A.	387	1,613	-	2,000
Credito Emiliano CREDEM S.p.A.	1,000	1,000	-	2,000
Centrobanca S.p.A.	469	1,307	-	1,776
Banca Regionale Europea S.p.A.	983	725	-	1,708
Intesa Sanpaolo S.p.A.	1,049	-	-	1,049
Banca Popolare di Novara	145	147	-	292
Cassa di Risparmio di Savona	48	109	-	158
	6,274	12,567	7,714	26,556

During the first six months of the year, three new mortgages loans were granted by Mediocredito Italiano S.p.A., Monte dei Pachi di Siena S.p.A. and Unicredit Banca d'Impresa S.p.A.

Payables to other lenders can be broken down as follows:

	within 12 months	over one year, within 5 years	over 5 years	Totals
Minindustria loan 17 Jul 1996	55	57	-	112
Finance lease payables	710	3,094	3,592	7,396
	766	3,150	3,592	7,508

Finance lease payables refer to leases of plant and equipment.

Financial position.

The Group's net financial position at 30 June 2010, is broken down as follows:

	30 Jun 10	30 Jun 09	31 Dec 09
Cash and cash equivalents (16ne+17ne)	7,010	7,762	7,195
Securities held for trading (13ne)	-	533	-
Total current financial assets	7,010	8,295	7,195
Payables to banks (25ne)	(330)	(6,053)	(8,081)
Current share of medium/long-term loans (26ne)	(6,274)	(4,157)	(4,648)
Current share of payables to other lenders (27ne)	(766)	(768)	(783)
Total current financial liabilities	(7,370)	(10,978)	(13,512)
Payables for medium/long-term loans (20ne)	(20,282)	(19,056)	(16,607)
Payables to other lenders for medium/long-term loans (21ne)	(6,742)	(7,541)	(7,081)
Total non-current financial liabilities	(27,024)	(26,597)	(23,688)
Total financial liabilities	(34,393)	(37,575)	(37,200)
Net financial position	(27,383)	(29,280)	(30,005)

Loan covenants

Loan issued by Unicredit Banca d'Impresa S.p.A. to Centrale del Latte di Vicenza S.p.A., set to mature on 30 June 2025, currently in the prepayment period, with an outstanding balance of € 8,571 thousand at 30 June 2010:

ratio of the borrower's net financial indebtedness to its net equity is not to exceed 1.5 at 31 December of each year.

Loan issued by Unicredit Banca d'Impresa S.p.A. to Centrale del Latte di Vicenza S.p.A., set to mature on 30 June 2025, with an outstanding balance of € 3,000 thousand at 30 June 2010:

ratio of the borrower's net financial indebtedness to its net equity is not to exceed 1.4 at 31 December 2010, 1.3 at 31 December 2011 and 1.25 up to maturity.

Deferred taxes (22ne)

The following table illustrates the changes in the temporary differences that gave rise to deferred taxes:

	Initial amount	Increases	Decreases	Final amount
Trademarks	14,565	-	(467)	14,098
Measurement of land	1,663	-	-	1,663
Elimination of tax interference – accelerated amortisation	419	-	(419)	-
Adjustment of employee severance indemnity to present value	88	-	(25)	63
Capital gains	65	-	(53)	12
	16,800	-	(964)	15,836

Deferred taxes have been calculated on temporary differences for the year and the final amount of those differences, net of amounts recovered in 2010, by applying the IRES (corporate income tax) rate of 27.5% and the IRAP (regional production tax) rate of 3.90%. The following table illustrates the changes in deferred tax liabilities:

	Initial amount	Increases	Decreases	Final amount
Trademarks	4,635	-	(244)	4,391
Elimination of tax interference – accelerated amortisation	486	-	(59)	427
Measurement of land	522	-	-	522
Adjustment of employee severance indemnity to present	28	-	(28)	-

value				
Capital gains	5	-	(2)	3
	5,677	-	(334)	5,343

Long-term provisions**Employee severance indemnity (23ne)**

At 30 June 2010 the severance indemnity amounted to € 4,059 thousand.

Initial amount	3,913
Service cost	283
Interest cost	94
Decreases and uses	(307)
Actuarial loss (income)	77
Final amount	4,059

The service cost is the present value of services rendered by a worker in the reporting period alone from a demographic-financial standpoint.

The interest cost represents the cost of the liability deriving from the passage of time and is proportional to the interest rate adopted in measurements and the amount of the liabilities outstanding in the previous year.

The amounts corresponding to service cost and actuarial income have been recognised among personnel costs. The amount of interest cost has been recognised among financial charges.

The key actuarial assumptions pertain to the theoretical lines of remuneration, the technical interest rate, inflation rate and the revaluation rate for salaries and employee severance indemnity. Technical assessments were conducted on the basis of the assumptions set forth below:

- technical annual discount rate	4.10%
- annual inflation rate	2.00%
- annual rate of remuneration increase (*)	3.00%
- annual rate of severance indemnity increase	3.00%
(*) only for CLR and Frascheri	

The iBoxx Eurozone Corporates AA index was used as the discount rate, with a term of seven to ten years.

Provision for liabilities and charges (24ne)

	Initial amount	Increases	Decreases	Final amount
Provision for risks – milk quotas	422	-	211	211
Provision for customer indemnities	34	2	-	35
Provision for future capital losses	475	45	215	305
	931	47	426	552

The increases in the provision for future capital losses refer to potential future losses of € 45 thousand by GPP S.r.l.. The use of the provision for future capital losses refers to € 215 thousand used to cover the write-down of the equity investment in GPP S.r.l. The decrease in the "milk quotas" risk provision was entered since the value recorded is considered adequate to cover the relevant risks.

CURRENT LIABILITIES

Payables to banks (25ne): These are broken down under financial payables.

Current share of long-term loans (26ne): This is broken down under financial payables.

Current share of payables to other lenders (27ne): This is broken down under financial payables.

Trade payables (29ne) amounted to € 19,944 thousand, all payable by year-end.

Payables to shareholders of joint ventures (30ne) came to € 17 thousand and are associated with the unconsolidated share (60%) of the normal commercial transactions undertaken with Frasccheri S.p.A. during the period.

Tax liabilities (31ne) include the following line items:

	30 Jun 10	30 Jun 09	31 Dec 09
Payables for income taxes	319	1,026	803
Payables for employees' withholding taxes	247	355	363
Withholdings payable on independent contractors' fees	63	38	55
Payables for other taxes	2	-	5
Total tax liabilities	632	1,419	1,227

Payables to social security authorities (32ne) - € 902 thousand – consist of social-security contributions payable on wages and salaries and the contribution associated with the separate management of coordinated ongoing independent contractors.

The item "Other payables" (33ne) includes:

	30 Jun 10	30 Jun 09	31 Dec 09
Surtaxes payable under Law 486/92 (milk quotas)	2,049	2,049	2,049
Payables for wages and salaries	1,733	2,026	1,042
Accrued liabilities and deferred income	856	1,093	990
Other payables	38	22	96
Withholdings from milk producers payable under Law 88/88	78	78	78
Payables for remuneration of directors and auditors	32	72	72
Security deposits received	24	13	13
Employee union withholdings	3	2	2
Total other payables	4,813	5,355	4,343

Accrued expenses and deferred income are broken down as follows:

	30 Jun 10	30 Jun 09	31 Dec 09
DEFERRED INCOME			
Contributions to operating expenses	720	927	844
Other	-	-	2
Total deferred income	720	927	846
ACCRUED EXPENSES			
Accrued personnel costs and associated charges	71	67	56
Property rentals	32	27	-
Interest on bank loans	16	30	48
Other charges	15	39	39
Commissions and banking fees	2	3	-
Total accrued expenses	136	166	144
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	856	1,093	990

BREAKDOWN OF INCOME STATEMENT ITEMS**REVENUE****Revenue from sales and services (1ene)**

Breakdown of sales by turnover segment (1ene):

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Fresh milk	22,621	46%	22,906	46%	(285)	-1.2%	44,802	46%
UHT milk	9,504	19%	9,311	19%	193	2.1%	18,805	19%
Yogurt	3,482	7%	3,799	8%	(317)	-8.3%	7,229	7%
Fresh vegetables	3,415	7%	3,420	7%	(5)	-0.1%	6,295	6%
Bulk milk and cream	1,566	3%	1,452	3%	115	7.9%	3,012	3%
Other packaged products	8,818	18%	8,861	18%	(42)	-0.5%	18,198	18%
Total	49,407	100%	49,748	100%	(340)	-0.7%	98,341	100%

Other revenue (2ene)

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Extraordinary income	583	44%	186	33%	397	214%	244	23%
Gains on asset disposal	406	31%	6	1%	400	6675%	49	5%
Other	110	8%	83	15%	27	33%	184	17%
Recoveries	22	2%	5	1%	17	340%	27	3%
Rental income	17	1%	19	3%	(2)	-9%	43	4%
Insurance refunds	4	0%	3	1%	1	33%	23	2%
Sales of salvaged materials	2	0%	20	4%	(18)	-90%	55	5%
Subcontracting revenue	-	0%	109	19%	(109)	-100%	206	19%
Contributions from suppliers	-	0%	23	4%	(23)	-100%	48	5%
Contributions to operating expenses	124	9%	105	19%	19	15%	188	18%
Total	1,267	100%	559	100%	708	127%	1,067	100%

The gains on asset disposal regard the sale of one of its own brands on the part of the subsidiary Centrale del Latte di Vicenza S.p.A.

Use of raw materials and consumables (4ene)

The costs for raw materials and consumables amounted to € 24,835 thousand and include:

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Purchases of ingredients – sundry foodstuffs	14,285	58%	13,560	57%	725	5%	26,900	56%
Goods for resale	5,522	22%	5,721	24%	(199)	-3%	11,405	24%
Packaging materials	3,918	16%	3,680	15%	238	6%	7,314	15%
Consumables and ancillary material	1,111	4%	1,005	4%	106	11%	2,200	5%
Total	24,835	100%	23,966	100%	869	4%	47,819	100%

Costs for services (12ene)

The costs for services amounted to € 12,736 thousand and include:

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Transport for product distribution	4,301	34%	4,239	31%	61	1%	8,327	32%
Large-scale retailers' promotion contributions	1,823	14%	1,939	14%	(116)	-6%	3,806	15%
Commercial and advertising services	1,308	10%	1,456	11%	(148)	-10%	2,917	11%
Administrative services	1,239	10%	1,260	9%	(21)	-2%	2,381	9%
Motive power and natural gas	1,200	9%	1,398	10%	(197)	-14%	2,387	9%
Industrial services	934	7%	811	6%	124	15%	1,625	7%
Maintenance services	806	6%	1,003	7%	(196)	-20%	1,948	7%
Transports for purchases	791	6%	819	6%	(28)	-3%	1,786	7%
Gift articles	203	2%	265	2%	(62)	-24%	514	2%
Insurance services	120	1%	157	1%	(37)	-93%	313	1%
Other	11	0%	161	1%	(150)	-23%	-	0%
Total	12,736	100%	13,509	100%	(771)	-6%	26,007	100%

Lease and rental costs (13ene)

Lease and rental costs amounted to € 323 thousand. Leases currently refer to the industrial buildings and warehouses in Rapallo and Bardineto and to a parking area in Turin for employees.

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Industrial leases	70	22%	58	16%	12	21%	147	21%
Leases of premises and buildings	253	78%	295	84%	(43)	-14%	554	79%
Total	323	100%	353	100%	(30)	-9%	701	100%

Personnel costs (5ene+6ene+7ene+8ene)

Personnel costs, an analysis of which is provided in the report on operations, came to € 7,407 thousand and may be broken down as follows:

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Wages and salaries	5,067	68%	5,391	71%	(324)	-6%	10,012	71%
Social security charges	1,850	25%	1,790	23%	60	3%	3,283	23%
Employee severance indemnity	324	4%	312	4%	12	4%	615	4%
Other costs	166	2%	130	2%	36	28%	264	2%
Total	7,407	100%	7,623	100%	(216)	-3%	14,174	100%

The employee severance indemnity accrued in 1H 2010 may be considered a defined-contribution plan for an amount of € 324 thousand.

The average workforce came to 286 at 30 June 2010 (283 at 31 December 2009 and at 30 June 2009).

	Engagements	Dismissals	Transfers	In service	Average workforce
Managers	-	-	-	15	15
Middle management	-	-	-	9	9
White-collar personnel	3	1	-	105	104
Blue-collar personnel	8	5	-	158	158
TOTAL	11	6	-	287	286

Amortisation and depreciation (9ene + 10ene)

Amortisation of intangible assets was calculated and recognised for a total amount of € 780 thousand. Depreciation of tangible assets was calculated and recognised for a total amount of € 2,002 thousand.

The following tables provide a breakdown of intangible and tangible assets by category:

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Licenses and trademarks	780		780		-	-	1,559	
Total	780		780		-	-	1,559	

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Plants and machinery	1,244	62%	1,210	62%	34	3%	2,428	61%
Buildings	412	21%	403	21%	9	2%	845	21%
Industrial and commercial equipment	242	12%	236	12%	6	3%	529	13%
Other	103	5%	107	5%	(4)	-3%	182	5%
Total	2,002	100%	1,956	100%	46	2%	3,984	100%

Sundry operating expenses (15ene)

Sundry operating expenses amounted to € 504 thousand and include:

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Taxes other than income taxes	214	42%	183	40%	31	17%	361	37%
Contingent liabilities	135	27%	106	23%	29	28%	150	16%
Other	79	16%	68	15%	11	15%	122	13%
Membership fees	47	9%	55	12%	(8)	-15%	91	9%
Entertainment expenses	17	3%	28	6%	(11)	-40%	56	6%
Subscriptions magazines and books	6	1%	5	1%	1	20%	6	1%
Capital losses	5	1%	3	1%	2	-33%	174	18%
Fines and penalties	3	1%	6	1%	(3)	(50)%	5	0%
Total	504	100%	454	100%	50	11%	965	100%

Financial income and charges (16ene + 17ene)

A breakdown of financial income and charges is shown in the table below:

	30 Jun 10		30 Jun 09		Change		31 Dec 09	
Financial income								
Interest from banking institutions	20	51%	68	39%	(48)	-71%	100	32%
Interest on VAT refunds	15	37%	9	5%	6	66%	10	3%
Other	4	12%	2	1%	2	100%	29	9%
Financial income on securities in portfolio	-		96	55%	(96)	-100%	161	51%
Actuarial income of severance indemnity	-	-	-	-	-	-	15	5%
Total financial income	39	100%	175	100%	(136)	-77.4%	315	100%
Financial charges								
Interest on mortgages and loans	238	40%	561	60%	(323)	-58%	921	62%
Employee severance indemnity discounting charges	147	25%	132	17%	15	12%	178	12%
Interest on current accounts	104	18%	49	5%	55	112%	93	6%
Finance lease interest	65	11%	113	12%	(48)	-42%	203	14%
Collection charges	24	4%	26	3%	(2)	-9%	48	3%
Performance bond expenses	16	3%	23	3%	(7)	-30%	41	3%
Other	6	1%	1	0%	5	533%	11	1%
Interest on suppliers	-	-	-	-	-	-	1	0%
Total	601	100%	905	100%	(304)	-34%	1,497	100%
Net financial charges	562		730		168	-23%	1,181	

The favourable interest rates applied to mortgages and loans helped to reduce the associated financial expenses.

Taxes (19ene + 20ene).

Income taxes, not including deferred tax assets and liabilities, came to € 630 thousand compared to € 700 thousand in 1H 2009.

	30 Jun 10		30 Jun 09		Change	
IRES for the year 27.5%	610	64%	665	68%	(55)	-8%
IRAP for the year 3.90%	343	36%	308	32%	35	11%
TOTAL TAXES	953	100%	973	100%	(20)	-2%
Deferred/prepaid taxes	(323)		(273)		(50)	-18%
TOTAL PREPAID AND DEFERRED TAXES	(323)		(273)		(50)	-18%
NET TOTAL TAXES	630		700		70	-10%

Transactions with related parties.

The Company has not undertaken transactions with related parties beyond those presented in the following table:

equity investments in the issuer held by directors, statutory auditors and their non-legally separated spouses and minor children, either directly or through subsidiaries.

Relevant persons	Office	Shares held at 01 Jan 10	Purchased in 2010	Sold in 2010	Shares held at 30 Jun 10
Luigi LUZZATI	Chairman	166,062	-	-	166,062
Riccardo POZZOLI	Vice Chairman and Managing Director	59,125	-	-	59,125
Adele ARTOM	Director	3,593,864	-	-	3,593,864
Antonella FORCHINO	Director	137,306	-	-	137,306
Ermanno RESTANO	Director	25,000	-	-	25,000

Commercial dealings with other related parties.

In the past, the Parent Company entered into a lease agreement for an area adjacent to the Turin production facility used as a parking lot for the motor vehicles of its employees and distributors. The area in question is owned by the ultimate parent, Finanziaria Centrale del Latte di Torino S.p.A.

The following table presents the situation of dealings among related parties at 30 June 2010:

	Receivables	Payables	Costs	Revenue
Centrale del Latte di Torino & C. S.p.A. vis-à-vis:				
Finanziaria Centrale del Latte di Torino S.p.A.	-	-	3	-
	-	-	3	-
Centrale del Latte di Torino & C. S.p.A. vis-à-vis:				
Frascheri S.p.A.	225	8	11	250
	225	8	11	250
Frascheri S.p.A. vis-à-vis:				
Centrale del Latte di Torino & C. S.p.A.	8	225	250	11
	8	225	250	11
Centro Latte Rapallo S.p.A.:				
GPP S.r.l.	185	-	-	-
	185	-	-	-

EVENTS FOLLOWING THE CLOSE OF THE FINANCIAL YEAR.

On 17 July, the subsidiary Centro Latte Rapallo S.p.A. was notified of an inspection report by the Provincial Labour Office of Genoa regarding the transport and supply of the company's products.

The company is convinced that there have been no irregularities committed to date regarding contracts or contributions, and if necessary shall defend its position as and where appropriate.

BUSINESS OUTLOOK.

The group's sales are expected to hold up substantially also during the third quarter.

The raw material market will remain unstable, with a reduction in the production of cow's milk and consequent effects on prices, which could rise further.

Turin, 26 August 2010

The Chairman of the Board of Directors
Luigi LUZZATI